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From: Todd Thomas <Todd@WaggonerRanch.com>
Sent: Monday, April 01, 2013 7:36 AM
To: Leslie Savage; rulescoordinator
Cc: Barry Smitherman; David Porter; Christi Craddick
Subject: Changes to SWR 13
Attachments: Written Comments - Waggoner Estate - Thomas.pdf

J. Todd Thomas



W.T. WAGGONER ESTATE

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**Proposed Amendments
New RRC Responsibilities (TCEQ) – Water Advisory Board
RRC New Rules and Requirements**

**16 Texas Administrative Code
Chapter 3 Oil and Gas Division**

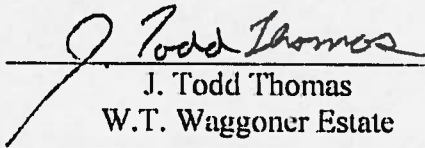
**Proposed Changes to §§3.13,
Relating to Casing, Cementing,
Drilling and Completion
Requirements**

**BEFORE
Railroad Commission
of
Texas, COMMISSIONERS
Barry Smitherman, Chairman
David Porter
Christi Craddick**

Written Comments - J. TODD THOMAS

REPRESENTATIVE OF W.T. WAGGONER ESTATE, Vernon, Texas

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ON W.T. WAGGONER ESTATE'S PROPERTY AND ON OUR OIL & GAS
OPERATIONS.....



J. Todd Thomas
W.T. Waggoner Estate

I. INTRODUCTION

My name is J. Todd Thomas, and my address is P.O. Box 2130, Vernon, Texas 76385.

I am the geologist and Oil Division Manager for the W.T. Waggoner Estate.

I have been with the W.T. Waggoner Estate as a geologist since 1985. I have been the Oil Division Manager since 1994.

II. PURPOSE AND SCOPE OF COMMENTS

The purpose of my comments is to describe the W.T. Waggoner Estate's property and state the W.T. Waggoner Estate's concerns and opposition to the proposed rule changes.

III. DESCRIPTION OF W.T. WAGGONER ESTATE'S PROPERTY

The W.T. Waggoner Estate owns 535,000 acres of land in Archer, Baylor, Foard, Knox, Wichita and Wilbarger Counties of Texas. These lands are all within Texas Railroad Commission District 9.

1. Oil Operations on Waggoner Ranchlands

- a. There have been over 10,500 +/- oil and gas wells drilled since 1908
- b. There are currently approximately 186 active oil leases
 - i. 20 leases operated by the W.T. Waggoner Estate
Operator #:890390
 - ii. The remaining 166 leases are operated by 40 different Railroad Commission operators
 - iii. Almost all of these leases are under some sort of secondary recovery / water flood operation
- c. There are over 75,000 acres of land with some sort of oil lease or oil exploration option that hold the minerals

IV. DESCRIPTION OF POTENTIAL IMPACT OF PROPOSED RULE CHANGES ON W.T. WAGGONER ESTATE'S PROPERTY

The W.T. Waggoner Estate has both general and specific concerns about the rule changes.

General Concerns:

1. Please understand that professionals working in the Oil and Gas Industry have the same concerns about protecting our environment as does the RRC staff. We strongly desire to leave the land, water and other natural resources across the State of Texas in a condition that will continue to serve and benefit our children and grandchildren in the future.
2. We believe that the Texas Commission on Environmental Quality has done a commendable job with adequate rules and regulations in place to protect our states groundwater resources. As the Railroad Commission of Texas takes over these responsibilities, we have faith that both industry and our regulators will cooperatively work together to protect and preserve our resources?
3. The State of Texas is blessed with a multitude of geologic and hydrologic conditions that cannot, nor should they be regulated by an overall statewide set of rules that do not specifically consider the unique settings of our local oil, gas and water environments.
4. Texas Government Code, §2006.002 requires that as part of the rulemaking process, a state agency must prepare an Economic Impact Statement of proposed changes to the rules on the industry being regulated. The W.T. Waggoner Estate is a "small or micro" business that will be dramatically affected by the rules as proposed by the Railroad Commission staff. I believe the Texas legislature put a requirement to conduct an impact study in place to protect businesses from unnecessary regulations that could stifle operations within the state without significant environmental or operational benefit. The Railroad Commissioners themselves have testified before the US Congress during efforts to prevent unneeded and unnecessary regulations which the United States EPA has tried to implement from Washington that would be a burden on Texas businesses.

5. We question the factual nature of the statement that the proposed rulemaking should not be considered a major environmental rule as set forth in Texas Government Code §2001.0225. The entire objective of the Railroad Commission is to strengthen the protection of our fresh water resources across the State of Texas. These objectives are a major environmental issue that all interested parties desire to reach.
6. It has been refreshing to see the Railroad Commission staff seek industry and stakeholder involvement in the recommended changes to the rules governing our industry. We believe that all the people of Texas will be better served by and thru this process.

Specific Concerns:

1. The definition of Protection depth – the inclusion of “brackish water” zones will effectively extend the regulation to any and every well being drilled and completed.
2. The Minimum separation well
 - a. Any and all wells that may have fracture treatments will effectively extend the new regulations to all wells in the state.
 - b. It appears in the definitions that the director is given some very broad “control” when determining the new regulations implementation.
3. The Zone with corrosive formation fluids – negative impact on casing string
 - a. This definition could extend the rules to cover all formations / zones that contain any fluid.
4. Cementing requirements relating to Disposal wells and Injection wells. Injection permits would be impossible to approve across our local oil fields if these rule changes are implemented. We have a number of water flood projects on zones between the surface and 2,000 feet deep.
5. Timing and Testing requirements of the casing strings and other blowout prevention equipment. The timing and potential dangers created on the well site from these changes within our local oil fields will create a heavy burden on the industry with very little or no environmental benefit.

6. The additional requirements for wells on which hydraulic fracture stimulation will be conducted. In our local oil fields the volumes and ingredients of our “frac” jobs are currently being reported in new procedures implemented over the past couple of years (FracFocus.com). We commend the Texas Railroad Commission with their leading role implementing this shared industry information source. This additional requirement could potentially be extended to all wells statewide if approved as proposed.
7. The requirement of notification of the RRC District office prior to drilling out the surface casing will added time and cost to our operations with no additional benefit to the environment.
8. Drilling Fluid records
 - a. The drilling fluids are a critical component for well control and hole conditioning to get the hole drilled, logged and pipe set for completion operations. I believe that the W.T. Waggoner Estate is currently using industry best practices to conduct our oil operations. I also believe that these current practices meet or exceed the measures that achieve most if not all of the targeted objectives set out by RRC staff. The operators must remain in control of the procedures and operations at the well site.
 - b. Mud program – A derrick floor recording of the mud pit level indicator shall be installed and operative at all times. The drilling rigs working in our field of operation around Electra, Texas generally do not use steel pits and this rule change would force a change in procedures that may force many small or micro businesses to shut down. I struggle to see any additional physical benefit to the environment or our groundwater resources of trying to implement these regulations in our local oil fields.

The W.T. Waggoner Estate would love to have an abundant supply of fresh water in the subsurface across the ranchlands. The ranchland has Permian age material on the surface and almost all of the shallow lenses of sand have “brackish” water in place rather than the desired fresh water. The drought over the last few years has brought our attention to our reliance on surface water for all our water needs.

Thank you for all your consideration.